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ONE HUNDRED FIFTH CONGRESS

Congress of the United States

House of Representatives

COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT

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May 15, 1998

The Honorable Janet Reno
United States Department of Justice
Office of Legislative **Affairs**
10th Street and Constitution Avenue, NW
Washington, DC 20530

Dear Ms. Reno:

In light of the article in today’s New *York Times* concerning Democratic party **fundraiser** Johnny Chung and his ties to the Chinese government, I think it is imperative that the investigative **staff of** this Committee provide information to the Task Force of the Justice Department investigating illegal campaign **fundraising**. I am pleased that a meeting at the Justice Department was immediately scheduled today with investigative staff of this Committee and Task Force investigators.

The protocols of this Committee permit the transfer of documents and the coordination with law enforcement agencies. That process to assist the efforts of the Task Force is reflected in today’s meeting. Consistent with the Committee protocols, it is my intention at the next meeting of the Committee to seek Committee approval to provide you with all depositions taken by the investigators of this Committee with respect to Johnny Chung, China Aerospace Holdings, Co. and related persons and entities.

As you are well aware, Mr. Chung was interviewed by Members of this Committee late last year. Investigators have been actively investigating this matter for many months in connection with the continuing inquiry of illegal foreign money being infiltrated into recent political campaigns. In fact, I wrote to you last month concerning the matter in today’s New *York Times*. A copy of my letter is attached. The serious implications of foreign government involvement in such illegal activity and the serious national security implications with respect to the transfer of missile technology should concern all Americans.

With respect to the matter of Mr. Chung in particular, I very much appreciate your cooperation in agreeing that two former employees of Mr. Chung should be immunized and compelled to testify before this Committee. Unfortunately, immunity for these two witnesses was blocked at a Committee meeting this week on a party line vote. I continue to hope that all of my colleagues will reconsider their votes and agree to immunize these witnesses. Hopefully, news developments of the past 24 hours will convince all of my colleagues on this Committee to recognize the need to move forward with this investigation.

The serious national security implications of foreign government involvement in illegal campaign contributions demands all government agencies and all branches of government coordinate their efforts to find the truth. The American people have the right to know the full facts of this matter.

Sincerely,

Dan Burton
Chairman

Enclosure

cc: All Members of the Government Reform and Oversight Committee

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BERNARD SANDERS, VERMONT
INDEPENDENT

April 16, 1998

The Honorable Janet Reno
United States Department of Justice
Office of Legislative Affairs
10th Street and Constitution Avenue, N. W.
Washington, D.C. 20530

Dear General Reno:

I am writing to express my concern about the **possible transfer** of sensitive guided missile technology to the People’s Republic of China after a Long March III rocket exploded in February 1996 killing six people and destroying a commercial U.S. communications satellite.

A New York Times editorial published on April **15, 1998** and related stories in the New York Times mentioned that the Justice Department is investigating whether classified technology was transferred to China by Loral Space and Communications and Hughes Electronics following the failed launch. The editorial questions whether the Administration’s relaxation of technology transfer barriers is connected to large contributions to the Democratic National Committee by those companies and Bernard Schwartz, Chairman and CEO of Loral.

The Committee has been following this issue and has information that may be helpful to your investigation. Liu Chao Ying is the Managing Director of China Aerospace International, the company that built the rocket that exploded in 1996. She is the daughter of senior Chinese General Liu Huaqing. Johnny Chung, a central figure in the Committee’s fund-raising investigation, had numerous contacts with Ms. Liu.

In August **1996**, Chung wrote to Liu, inviting her to visit the United States. Chung said that he had arranged meetings for Liu with representatives of Boeing and McDonnell Douglas regarding her “interest of purchasing aircraft miscellaneous parts.”

Chung also referred to a meeting between Liu and Israel Sendrovic, Executive Vice President of the Federal Reserve Bank in New York City. In August 1996, Chung brought Sendrovic and man named Yat Hung Yiu to the President’s birthday celebration in New York. Yiu is the president of New Silver Eagle Holdings, a company that wired \$80,000 to Chung weeks after the birthday event. Sendrovic’s son, Barry, worked for New Silver Eagle Holdings.

Also in August 1996, **Chung** escorted representatives of China Aerospace to a meeting with officials at the U.S. Securities and Exchange Commission.

I would like to meet with the appropriate Justice Department staff to receive a briefing on these important issues next week. It is my hope that such a discussion would be beneficial to your investigation as well as that of the Committee.

Sincerely,

Dan Burton
Chairman

cc: The Honorable Henry **Waxman**
The Honorable Louis Freeh